

# U.S. Aided Lockheed Dealings Cooperation Of Agencies in Payment Cited

By William H. Jones  
Washington Post Staff Writer

Previously secret Lockheed Aircraft Corp. documents show a pattern of close cooperation between the aerospace giant and U.S. government agencies in promoting worldwide sales through payments that often went to high officers of foreign nations.

The documents, made public last night by the Senate Subcommittee on Multinational Corporations, also show that Lockheed's senior officials knew that payments to Saudi Arabian businessman Adnan Khashoggi were for the express purpose of making "so-called 'under the table' compensation to Saudi officials in order to get the contract signed."

In addition to Saudi Arabia, other nations mentioned in 205 pages of Lockheed memos, letters and telegrams released by the subcommittee are Indonesia, Iran and the Philippines.

The documents indicate that some \$10 million in Lockheed corporate funds apparently was distributed as payments in the four countries—with most of the money being forwarded to Khashoggi through bank accounts in Switzerland and Liechtenstein to avoid disclosure in the United States and Saudi Arabia.

Specifically, the documents show that:

- Following an Indonesian coup in 1965, Lockheed became worried about the status of its agent in that country, a firm headed by prominent businessman Isaac Dasaad, who had been close to the deposed President Sukarno.

The U.S. embassy in Jakarta was asked by Lockheed for an evaluation of Dasaad's relationship with the new government of President Suharto, and "embassy CIA personnel" checked it out. An initial CIA report to Lockheed was that Dasaad was "in" and a second report said: "Dasaad was definitely well connected with the Suharto regime."

- Some payments in Indonesia may have reached the very highest officials, including Presidents Sukarno and Suharto. When the coup put Suharto in power, according to a 1968 Lockheed memo, a general described as "closely related" to Dasaad and who "controlled certain considerable funds, at once made these available to Suharto."

These funds, the Lockheed memo stated, "obviously earned him (the general) the gratitude of the new president" and eventually the general, whose name was Alamsjah, was said to have been promoted to second in command, in charge of all projects including a Jakarta airport.

- In Saudi Arabia, Lockheed set out deliberately to violate that government's rules regarding payments to agents. Following a 1969 decree requiring a clause in all contracts specifying that no agent was used to secure aerospace sales—and that any final price to the government must be reduced by the amount of any such fees paid—Lockheed agreed to include the clause.

But an official of Lockheed's Georgia division said the documents were being signed "with full intention of paying our representative his usual fees . . . and ignoring the subject clause."

- A contract between Khashoggi and Lockheed required a payment to the Saudi businessman of 12 per cent of the selling price per plane for any of the California firm's L-1011 TriStar commercial jets, plus 5 per cent of spare parts and other material costs and 5 per cent of any training and logistics support for use of the passenger plane.

Saudia, the government airline, subsequently purchased four of the TriStars. Senate Banking Committee Chairman William Proxmire (D-Wis.), in recent hearings on Lockheed said any indication that bribes were paid to sell such jets

would mean that a 1971 government rescue of Lockheed "may have been approved through false misrepresentations."

- Lockheed's top officers became alarmed earlier this year when the government of Iran announced a new policy forbidding American firms to deal through agents.

Senior vice president William R. Wilson, in a letter to the firm's agent in Iran, James J. Zand of Columbus, Ohio, said a literal interpretation of correspondence between the U.S. Departments of State, Defense and Commerce suggested that any American company with an Iranian agent "runs a considerable risk of being barred from doing business in Iran."

Such an approach, the Lockheed officer suggested, would place in jeopardy a number of benefits to that country that Lockheed was providing—including a earth resources program and a health care project. Afterwards, Zand met with U.S. Embassy and Iranian government officials in Tehran, and a new interpretation emerged that did not prohibit contracts of a "legitimate business" nature—such as transactions that purportedly involved Zand.

Lockheed officials, including board chairman Daniel J. Haughton, will have an opportunity to explain these transactions when the Senate subcommittee opens hearings on Lockheed's overseas payments this morning.

To date, the aerospace firm has admitted making at least \$22 million in payments to officials or political organizations in foreign countries and defended such fees—called "kickbacks" by Haughton and "bribes" by some members of the Senate—as a necessary fact of doing business abroad.

Throughout the documents released yesterday, there are numerous references to this alleged requirement and evidence of payments that ranged from 2 to 15 per cent of various jets, airplanes, services and parts that were sold.

In Indonesia, for example, after Dasaad was dismissed as Lockheed's agent when he fell out of favor with the Suharto government, Lockheed officials authorized over requirements that bribes be paid to

"If such payments should some day become public

knowledge," wrote Lockheed officials P. F. Dobbins and T. J. Cleland, "the repercussions could be damaging to Lockheed's name and reputation."

In addition, they wrote their superiors, Lockheed had no way of writing off such payments as deductions that would be permitted by the Internal Revenue Service. But, if Lockheed failed to go along with the bribe payments, the firm would stand to lose some \$300,000 in annual spare parts sales, and sales of eight airplanes in 1973-74 estimated at \$40 million, they said. The superiors of Dobbins and Cleland later advised them that the Indonesian Air Force must be convinced of the need for an agent to pass through payments, because of the "significant protection provided for them, as well as for us," and because there would be no reduction in the amount of bribe money going to the Air Force.

A "reasonable" scale of commissions was said to be 3 per cent for airplanes and 5 per cent on other sales, with a ceiling of 10 per cent on smaller parts.

In another document, competition from the U.S. government itself is described—with the Indonesian Air Force being supplied \$200,000 in American government spare parts and equipment after Lockheed dropped its agent. A U.S. agency was reportedly "promising these people the sun and delivering it with extras," said one memo.

The Indonesian Air Force people apparently were upset because they couldn't get cash payments from the U.S. Defense Department but the aid from another U.S. entity—an operation similar to the Military Assistance Command—was seen by Lockheed as competition.

"The only way we can fight this competition is to offer a commission or rebate," a Lockheed official said. Money for the Indonesian Air Force leaders subsequently was deposited in a Singapore bank by Lockheed.

A memo from a Lockheed agent in the Philippines told of a requirement to pay off not only government officials but Army officers and journalists. "As you know, moving around in the local circles for this kind of objective (sales of) involves financial requirements," wrote the agent, Buddy Orara.